



Seattle
Office of Housing

September 13, 2021

K. Wyking Garrett
Executive Director
Africatown Community Land Trust
1620 12th Avenue
Seattle, WA 98122

Re: Term Sheet for OH Acquisition Funding for the Keiro Center

Dear Wyking,,

I am pleased to inform you that the Office of Housing (OH) hereby expresses an interest in providing an acquisition loan for the Keiro Center (1601 Yesler Ave.), subject to the terms set forth below, which are intended for the purpose of outlining those terms from which a definitive agreement may be entered into and does not constitute a binding contract. An acquisition loan by OH is contingent upon, among other things, completion of due diligence including a review of a Capital Needs Assessment and other property condition reports, the negotiation and execution of definitive agreements, and approval of its Director. You are encouraged to visit <http://seattle.gov/housing/development> for further information on the City's funding process.

Commented [ZR1]: Should I take this out? What are we requiring?
That they satisfy the conditions set forth by HSD?

Borrower:	Africatown Community Land Trust (ACLT)
Loan Amount:	The principal amount of the Loan shall not exceed \$5,800,000 or as otherwise approved by OH.
Source of Funds:	The projected sources of funding include the Coronavirus Local Fiscal Recovery Funds used for the purpose of acquisition.
Loan Term:	The loan term shall be for up to eight (8) years.
Interest Rate:	The interest rate shall be 1% simple interest. Any accrued interest shall be paid in full when the loan is repaid.
Unit Mix:	The interim use proposed for the project is a shelter to be operated for 36 months. The permanent use for the project consists of a large-scale new

construction development. The units within the new project will meet income and affordability levels shown in Attachment A, Unit Mix and Affordability chart subject to the Income and Rent Limits for the Seattle Office of Housing Affordable Housing Programs as published by OH. The unit mix is subject to reevaluation at the time of application for permanent financing with OH or any refinance of the acquisition financing.

Repayment: Cash flow payments will be determined after review and approval of a property 15 year operating proforma. In no event shall cash flow payments exceed 50% of cash flow as defined by OH.

Affordable Housing Covenant: A **50-year regulatory agreement** will be recorded against the property that will require use of the property wholly or in part for low-income housing. This regulatory agreement must be prioritized in first lien position. The regulatory agreement shall continue and remain in first position when the loan is repaid or discharged. If OH provides permanent financing for the project, the covenant will be amended and restated to comply with Rental Housing or Homeownership program policies as then in effect.

Legal Opinion: In form and content satisfactory to OH.

In addition to the terms described above loan approval is subject to the 2018-2020 Housing Levy Administrative and Financial Plan and the City of Seattle Housing Funding Policies, as amended, including but not limited to the following:

1. Neighborhood Notification and Community Relations Guidelines;
2. Relocation, Displacement, and Real Property Acquisition and Residential Anti-displacement and Relocation Assistance Plan, as applicable;
3. If funds are used for construction, bidding and Contracting and Fair Contracting Practices, WMBE Utilization, and Section 3 as applicable;
4. Developer Fee Schedule, if applicable
5. If funds are used for construction, City of Seattle Office of Housing Residential Prevailing Wage Rate policy
6. The units within the project will meet income and affordability levels shown in Attachment A, Unit Mix and Affordability chart.
7. Consult with stakeholders and public about placemaking opportunities
8. Keep the project flexible in population, building types and AMIs to allow future priorities at permanent takeout
9. Additional OH requirements as requested prior to closing.

This letter does not cover all federal, state and local requirements, or all the terms that will be included in loan documents including legal rights and obligations. Your contact for the City of Seattle loan is

Rosey Zhou. If you have questions regarding any of the enclosed materials, please contact Rosey at 206-684-0346 or rosey.zhou@seattle.gov.

Sincerely,

Laurie Olson
Capital Investments Manager

Cc: Rosey Zhou
File

Attachment A

PROPOSED UNIT MIX AND AFFORDABILITY CHART

% of Median Income Served	Qty.	Unit Type
30%	47	Studio
50%	91	1 BR
60%	124	1 BR
60%	23	2 BR
TOTAL	285	